GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3228
ANSWERED ON:04.08.2017
Classification of Agriculture Loan
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Will the Minister of FINANCE be pleased to state:

(a) whether the loans provided by the banks for other agriculture related activities can be classified as agriculture loans and if so, the details thereof;

(b) whether the banks are bound to provide loans to the farmers; and

(c) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): As per the Master Direction dated 07.07.2016 issued by Reserve Bank of India (RBI) on Priority Sector Lending- Targets and Classification, a target of 18 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposure (CEOBE),whichever is higher, is prescribed for Agriculture under priority sector lending, for all Scheduled Commercial Banks operating in India.The lending to agriculture sector has been defined to include:
(i) Farm Credit (which include short-term crop loans and medium/long-term credit to farmers)
(ii) Agriculture Infrastructure and
(iii) Ancillary activities.
Scheduled Commercial Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD/NHB/SIDBI/MUDRA Ltd., as decided by RBI from time to time. The interest rates on banks' contribution to RIDF or any other Funds, tenure of deposits, etc. shall be fixed by RBI from time to time.